REMARKS

This communication responds to the Office Action mailed July 17, 2009. Claims 1-54 were originally filed. Claims 55-60 were later added. Claims 8-27 and 35-54 have been previously cancelled without disclaimer of or prejudice to the subject matter contained therein. Claims 1-7, 28-34 and 55-60 remain pending.

CLAIMS 1-7 ARE PATENTABLE UNDER 35 U.S.C. § 101

The Examiner rejected claims 1-7 under 35 U.S.C. § 101 as being unpatentable because the claimed invention is not directed to statutory subject matter. In support of her rejection, the Examiner cites *In re Bilski [citation omitted.]*. The Applicant has amended claims 1 and 7 to specifically recite that the claimed methods are tied to a computer. Therefore, claims 1-7 satisfy 35 U.S.C. § 101 and the Applicant respectfully requests reconsideration and withdrawal of the rejection of these claims.

CLAIMS 55-60 ARE PATENTABLE UNDER 35 U.S.C. § 112, ¶ 1

The Examiner rejected claims 55-60 under 35 U.S.C. § 112, ¶ 1 as failing to comply with the enablement requirement. The Examiner contends that the claims contain subject matter which was not described in the specification in such a way as to enable one skilled in the art to make and/or use the invention. Based on the Examiner's remarks, the Applicant has amended claim 55 to indicate that the portfolio that is purchased on margin is the predetermined portfolio rather than the desired portfolio, which amendment matches the disclosure. The Applicant thanks the Examiner for pointing out this inadvertent error in the claim. As such, the Applicant respectfully submits that the

claimed subject matter is enabled by the specification. Reconsideration and withdrawal of the rejection of claims 55-60 is respectfully requested.

CLAIMS 1-6 AND 55-60 ARE PATENTABLE UNDER 35 U.S.C. § 112, ¶ 2

The Examiner rejected claims 1-6 and 55-60 under 35 U.S.C. § 112, ¶ 2 as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention. The Applicant has amended the claims to more clearly indicate that the portfolio initially has an asset allocation ratio for the assets/rights/liabilities to be included in the portfolio. This ratio remains unchanged before purchase or after purchase. The riskiness characteristic is modified by purchasing some of the portfolio (using the existing asset allocation ratio) on margin.

As such, the Applicant respectfully submits that the claims particularly point out and distinctly claim the subject matter which Applicant regards as the invention. Reconsideration and withdrawal of the rejection of claims 1-6 and 55-60 is respectfully requested.

CLAIMS 1-3, 6, 7, 28-30, 33 & 34 ARE PATENTABLE OVER SANDERS, REBANE AND RANGEN

The Examiner rejected claims 1-3, 6, 7, 28-30, 33 and 34 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Publication No. 2001/0042036 by Sanders [hereinafter "Sanders"] in view of U.S. Patent No. 6,078,904 to Rebane [hereinafter "Rebane"] and further in view of Rangen. Rangen refers to a quote from Stephen Thorlief Rangen, Securities Exchange Act Rel. No. 38486 (Apr. 8, 1977), 64 SEC Docket 731, 736. It was quoted in footnote 27 of Canady, Securities

Exchange Act Rel. No. 41250 (April 5, 1999), a copy of which is reproduced below for the convenience of the reader.

> [27] As we have explained,
>
> > Trading on margin increases the risk of loss to a customer for two reasons. First, the customer is at risk to lose more than the amount invested if the value of the security depreciates sufficiently, giving rise to a margin call in the account. Second, the client is required to pay interest on the margin loan, adding to the investor's cost of maintaining the account and increasing the amount by which his investment must appreciate before the customer realizes a net gain. At the same time, using margin permit[s] the customers to purchase greater amounts of securities, thereby generating increased commissions for [the salesperson].
>
> Stephen Thorleif Rangen, Securities Exchange Act Rel. No. 38486 (Apr. 8, 1997), 64 SEC Docket 731, 736.

The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

None of the cited references by itself discusses the relationship of using margin purchasing to match a user specified risk/reward characteristic when purchasing a portfolio having a predetermined asset allocation ratio. The only reference cited by the Examiner regarding margin purchasing (*i.e.*, Rangen) merely discusses the increased risk of loss when purchasing on margin.

The Examiner's proposed combination takes certain aspects of each reference and adds them together akin to taking the some of the words of a sentence from each and then combining them to form a new sentence. The heart of the present invention comprises using margin purchasing to modify the risk/reward characteristic of an investor's portfolio when purchasing prepackaged portfolios without requiring reallocation of the relative ratios of each investment in the portfolio to match a user's desired risk/reward characteristic. This enables the use of common centrally

portfolios managed portfolios but individually tailored investments. As such, the proposed combination of references fails to teach the claimed invention.

Moreover, Rebane teaches a method for determining the asset allocation for one's portfolio based on one's risk tolerance. In fact, Rebane teaches exactly the approach the present invention seeks to replace. Rebane teaches that one should modify the asset allocation ratio to match a user's desired risk tolerance. Thus Rebane teaches away from using a prepackaged portfolio of investments and adjusting the risk/reward characteristic using margin trading because it teaches that an optimal allocation of assets exists.

For example, at col. 4, line 28, Rebane states:

> We note that during the course of the CAPM solution there has been no discussion of actual cash amounts to be invested. The presumption being all along that, however finally obtained, the risky portfolio fractions f_R* would apply equally to billionaires and blue collar workers. This assumption thus fails to recognize that individual investors have distinct risk preferences that are intimately tied to their overall investment assets and net worth, and that as a result, *would select different allocations of their investment assets.*
>
> Accordingly, it is desirable to provide a computer implemented method and software product that accounts for individual investor risk preferences as a function of the individual investor's financial profile, and thereby *determines for a given portfolio of investments (i.e. short list), the optimal allocation of the investor's assets, or any portion thereof, among the investment assets.*

[emphasis supplied].

This disclosure of Rebane would specifically dissuade one of ordinary skill in the art from using prepackaged portfolios of investments, as recited in the claims at issue, and adjusting the risk/reward characteristic by using margin purchasing of prepackaged portfolios.

As noted, one of ordinary skill in the art would not combine these references in the manner suggested by the Examiner.

In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 1-3, 6, 7, 28-30, 33 and 34.

CLAIMS 55-58 ARE PATENTABLE OVER SANDERS, REBANE, RANGEN AND PETERS ET AL.

The Examiner rejected claims 55-58 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen and further in view of U.S. Patent Application 20030088489 filed December 13, 2000 by Peters et al. [hereinafter "Peters et al."]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane and Rangen fails to teach using margin purchasing to match a user specified risk/reward characteristic when purchasing a portfolio having a predetermined asset allocation ratio. As the Examiner indicates, Peters et al. does not teach buying on margin to raise the risk/reward characteristic. Therefore, the proposed combination of references fails to result in the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 55-58.

CLAIMS 4 AND 31 ARE PATENTABLE OVER SANDERS, REBANE, RANGEN AND NOLAN

The Examiner rejected claims 4 and 31 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen and further in view of U.S. Patent No. 5,754,873 to

Nolan [hereinafter "Nolan"]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane and Rangen fails to teach using margin purchasing to match a user specified risk/reward characteristic when purchasing a portfolio having a predetermined asset allocation ratio. As the Examiner has not cited Nolan for this teaching, the proposed combination of references fails to result in the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 4 and 31.

CLAIM 59 IS PATENTABLE OVER

SANDERS, REBANE, RANGEN, PETERS ET AL. AND NOLAN

The Examiner rejected claim 59 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen, in view of Peters et al. and further in view of Nolan. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane, Rangen, Peters and Nolan fails to teach using margin purchasing to match a user specified risk/reward characteristic when purchasing a portfolio having a predetermined asset allocation ratio. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claim 59.

CLAIMS 5 AND 32 ARE PATENTABLE OVER

SANDERS, REBANE, RANGEN AND MARKS ET AL.

The Examiner rejected claims 5 and 32 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen, and further in view of U.S. Patent Publication No. 2001/0053944 by Marks et al. [hereinafter "Marks et al."]. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane and Rangen fails to teach using margin purchasing to match a user specified risk/reward characteristic when purchasing a portfolio having a predetermined asset allocation ratio. As the Examiner has not cited Marks et al. for this missing teaching, the proposed combination of Sanders, Rebane, Rangen, and Marks et al. fails to teach the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claims 5 and 32.

CLAIM 60 IS PATENTABLE OVER

SANDERS, REBANE, RANGEN, PETERS ET AL. AND MARKS ET AL.

The Examiner rejected claim 60 under 35 U.S.C. § 103(a) as being unpatentable over Sanders in view of Rebane, in view of Rangen, in view of Peters et al. and further in view of Marks et al. The Applicant respectfully disagrees with the Examiner's characterization of these references vis-à-vis the claims at issue.

As described above, the combination of Sanders, Rebane, Rangen and Peters et al. fails to teach using margin purchasing to match a user specified risk/reward characteristic when purchasing a portfolio having a predetermined asset allocation ratio. As the Examiner has not cited Marks et al.

for this missing teaching, the proposed combination of Sanders, Rebane, Rangen, Peters et al. and Marks et al. fails to teach the claimed invention. In light of the above remarks, the Applicant therefore respectfully requests reconsideration and withdrawal of the rejection of claim 60.

CONCLUSION

Reconsideration and withdrawal of all of the rejections are requested in view of the previous remarks. The Applicant respectfully submits this Application is in condition for allowance and requests issuance of a Notice of Allowance.

If additional amounts are due for any reason it is respectfully requested that the PTO charge any deficiency or credit any overpayment to the deposit account of MICHAEL P FORTKORT PC, Deposit Account No. 50-3776.

In the event the prosecution of this application can be efficiently advanced by a phone discussion, it is requested that the undersigned attorney be called at (703) 435-9390.

Respectfully submitted,

By: _____ Date: January 19, 2010
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